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D2 =

Section 1362(b)(5) of the Code provides that if -- (A) an election under ' 1362(a) is made for any taxable year after the date prescribed by ' 1362(b) for making such election for such taxable year or no such election is made for any taxable year, and (B) the Secretary determines that there was reasonable cause for the failure to timely make such election, the Secretary may treat such an election as timely made for such taxable year.

Based solely on the facts and the representations submitted, we conclude that X has established reasonable cause for failing to make a timely election to be an S corporation effective D2. Accordingly, provided that, within 60 days of the date of this letter, X makes an election to be an S corporation by filing a completed Form 2553 effective D2 along with a copy of this letter with the appropriate service center, and X and all of X's shareholders amend their tax returns consistent with the treatment of X as an S corporation effective D2, then such election will be treated as timely made for D2.

Except as specifically set forth above, no opinion is expressed concerning the federal tax consequences of the facts described above under any other provision of the Code, including whether X was or is a small business corporation under ' 1361(b) of the Code.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Pursuant to a power of attorney on file with this office, a copy of this letter is being sent to X's authorized representatives.

Sincerely,

J. Thomas Hines  
Chief, Branch 2  
Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures: 2  
Copy of this letter  
Copy for § 6110 purposes

cc: